

"I got a call from a woman who said I need credit card loss protection insurance. I thought there was a law that limited my liability to \$50 for unauthorized charges. But she said the law had changed and that now, people are liable for all unauthorized charges on their account. Is that true?"

Don't buy the pitch - and don't buy the "loss protection" insurance. Telephone scam artists are lying to get people to buy worthless credit card loss protection and insurance programs.

If you didn't authorize a charge, don't pay it. Follow your credit card issuer's procedures for disputing charges you haven't authorized. Also see our Fair Credit Billing Brochure.

CREDIT CARD LOSS

If you report the loss before credit cards are used, the Fair Credit Billing Act says the card issuer cannot hold you responsible for **any unauthorized charges**.

If a thief uses your cards before you report them missing, the most you will owe for unauthorized charges is **\$50 per card**.

This is true even if a thief uses your credit card at an ATM machine to access your credit card account.

However, it's not enough simply to report your credit card loss. After the loss, review your billing statements carefully. If they show any unauthorized charges, send a letter to the

card issuer describing each questionable charge.

Again, tell the card issuer the date your card was lost or stolen and when you first reported it to them. Be sure to send the letter to the address provided for billing errors. Do not send it with a payment or to the address where you send your payments unless you are directed to do so.

WORTHLESS CREDIT CARD LOSS PROTECTION OFFERS

The Federal Trade Commission says worthless credit card loss protection offers are becoming more common and fraudulent promoters try to exploit consumers. As a result, the agency is cautioning consumers to avoid doing business with callers who claim that:

- you are liable for more than \$50 in unauthorized charges on your credit card account.
- you need credit card loss protection because computer hackers can access your credit card number and charge thousands of dollars to your account.
- they're from "the security department" and want to activate the protection feature on your credit card.

The Federal Trade Commission advises consumers not to give out personal information - including their credit card or bank account numbers - over the phone or online for any product unless they are familiar with the business and have initiated the contact. Scam artists can use your personal information to commit fraud.

BUYING A REGISTRATION SERVICE

For an annual fee of \$10 to \$35, companies will notify the issuers of your credit and ATM accounts if your card is lost or stolen. This service allows you to make only one phone call to report all card losses rather than calling individual issuers. Most services also will request replacement cards on your behalf.

Purchasing a card registration service may be convenient, but it's not required. The Fair Credit Billing Act and the Electronic Funds Transfer Act give you the right to contact your card issuers directly in the event of a loss or suspected unauthorized use.

If you decide to buy a registration service, compare offers. Carefully read the contract to determine the company's obligations and your liability. For example, will the company reimburse you if it fails to notify card issuers promptly once you've called in the loss to the service? If not, you could be liable for unauthorized charges.



The Indiana Department of Financial Institutions,
Division of Consumer Credit has many other credit
related brochures available, such as:

Answers to Credit Problems
Applying for Credit
At Home Shopping Rights
Bankruptcy Facts
Buried in Debt
Car Financing Scams
Charge Card Fraud
Choosing A Credit Card
Co-Signing
Credit and Divorce
Credit and Older Consumers
Deep in Debt?
Equal Credit Opportunity
Fair Credit Reporting
Fair Debt Collection
Gold Cards
Hang up on Fraud
High Rate Mortgages
Home Equity Credit Lines
How to Avoid Bankruptcy
Indiana Uniform Consumer Credit Code
Look Before you Lease
Mortgage Loans
Repossession
Reverse Mortgage Loans
Rule of 78s – What is it?
Scoring for Credit
Shopping for Credit
Using Credit Cards
Variable Rate Credit
What is a Budget?
What is the DFI?

Call our toll-free number or write to the address on
the cover for a copy of any of the brochures listed
or for further consumer credit information.



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CREDIT CARD LOSS PROTECTION OFFERS

Don't buy the Pitch!



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